

REPRESENTATIVE ALYSE GALVIN

Serving Alaska House District 14 | Anchorage: Roger's Park, Midtown, Tudor, and Spenard

SESSION ADDRESS:

Alaska State Capitol
Juneau, Alaska 99801
Phone: 907-465-3875
Email: Rep.Alyse.Galvin@AKLeg.gov



INTERIM ADDRESS:

1500 W. Benson Blvd.
Anchorage AK, 99503
Phone: 907-269-0190
Email: Rep.Alyse.Galvin@AKLeg.gov

SPONSOR STATEMENT

HB 156 / 33-LS0699\A

Income Tax

The purpose of this bill is to generate another source of revenue for the State of Alaska.

Alaska is the only state without a broad-based tax on its residents and non-resident workers. Alaskans have the lowest overall state and local tax burden in the country. Forty-five states have a state sales tax, and forty-three have some form of an income tax. Since 1980 we have been uniquely fortunate, with ample oil and gas revenues able to fund ongoing government operations, endow various savings funds, and build the Permanent Fund so that it can now play a substantial role in our state's revenue.

Nobody wants to implement a tax on Alaskans, but we are out of time and out of options. Through a broad-based tax, Alaskans will now have a direct stake in the state government spending responsibly.

HB156 adds a flat rate 2% income tax on income derived within Alaska that exceeds \$200,000. For example, if an individual has \$300,000 of taxable income, they will pay \$2,020 in taxes, representing 2% of \$100,000 (the amount over \$200,000), plus \$20 per person. The income tax is calculated from the federal Adjusted Gross Income, adjusted under provisions of the bill. There is also a "standard deduction" of non-taxable income. The tax will raise about \$125-150 million per year, with nonresident workers paying an estimated 10% of the total. The bill also establishes a \$20 per person tax for any individual who earns a wage or has self-employed net earnings.

Alaskans, as part of the PFD application process, would be able to assign some or all of their dividend towards the tax. This would mean, in practice, that most Alaskans would not pay any tax out of pocket.

It is time to have an honest conversation about how Alaska will fund its operations into the future. HB156 can be the key component to get us there.

Thank you for your consideration.